



Communications

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Monetary policy assessment of June 2026: Summary of discussion

At the monetary policy assessment of 16 and 17 June 2026, the Governing Board of the Swiss National Bank decided to leave the SNB policy rate unchanged at 0%. The SNB communicated its monetary policy decision to the public on 18 June 2026.

The decision was preceded by an analysis and discussion of the monetary policy conditions and the economic conditions. Areas covered included the situation on the financial markets, monetary indicators, international conditions, the economic situation and the economic outlook for Switzerland.

The decision was taken by Martin Schlegel (Chairman of the Governing Board), Antoine Martin (Vice Chairman of the Governing Board) and Petra Tschudin (Member of the Governing Board).

In addition to the Members of the Governing Board, the following also took part on the first day of the assessment: Alternate Members of the Governing Board Attilio Zanetti, Rosmarie Schlup, Sébastien Kraenzlin and Thomas Moser; representatives of the Economic Affairs, Money Market and Foreign Exchange, Financial Stability, International Monetary Cooperation and Secretariat General divisions; and representatives of the Communications unit.

On the second day, the Members of the Governing Board and the Alternate Members of the Governing Board held the final consultation with a select group of experts before the monetary policy decision was taken. In attendance were the heads of the Economic Affairs, Money Market and Foreign Exchange, Financial Stability, International Monetary Cooperation and Secretariat General divisions, as well as senior staff from the Monetary Policy Analysis, Forecast and Analysis International, Regional Economic Relations, Economic Data Science, Forecast and Analysis Switzerland, and Communications units.



Summary

Financial markets

The assessment started with a report from the Money Market and Foreign Exchange division on developments in financial markets.

Since the last monetary policy assessment in March, the financial markets have been primarily driven by the situation in the Middle East. Amid hopes of a reopening of the Strait of Hormuz, financial market volatility declined and investors' risk sentiment improved. Energy prices fell, while inflation expectations remained elevated worldwide. The markets expected somewhat higher policy rates from the Fed and ECB in the coming quarters. The markets were not expecting the SNB to make any adjustment to its policy rate at the monetary policy assessment in June.

The Governing Board and the Alternate Members of the Governing Board closely examined the situation on the financial markets since the last monetary policy assessment. With inflation elevated in the major currency areas, market participants were preparing for tighter monetary policy abroad. Strong economic data in the US and widespread optimism in the markets regarding artificial intelligence (AI) led to higher long-term interest rates in the US. Overall, there was a significant widening of the interest rate differentials between Switzerland and other countries. Upward pressure on the Swiss franc, which initially increased significantly with the escalation in the Middle East, subsequently abated. The announcement of a Memorandum of Understanding between the US and Iran in mid-June led to an easing of the situation on the global markets; energy prices, which had risen sharply at the beginning of March, declined.

The Governing Board discussed possible scenarios regarding the reopening of the Strait of Hormuz, which is crucial for a normalisation of energy supply. The assessment of the situation among freight companies varies greatly. While some assume that the strait will quickly be fully navigable, others expect a restricted opening to persist for longer.

Oil futures prices are currently around USD 80 per barrel. However, global oil inventories are low by historical standards. If passage through the Strait of Hormuz were to normalise only gradually, strong demand for oil to replenish reserves would therefore have to be expected.

Monetary indicators

The Economic Affairs division presented analyses of the monetary indicators.

Compared with the monetary policy assessment in March, there was a slight shift upwards in the yield curve for Confederation bonds. The Swiss franc depreciated somewhat against the euro and the US dollar. Prices on the Swiss stock market increased. Residential real estate prices continued their upward trend, while growth in mortgage lending stabilised. Growth in the broad monetary aggregates remained high.

The Governing Board and the Alternate Members of the Governing Board discussed the current monetary conditions resulting from the interest rate level and the exchange rate. With

Summary

the depreciation of the Swiss franc since the monetary policy assessment in March, monetary conditions have become somewhat easier. The monetary policy is continuing to have an expansionary effect and is supporting economic activity.

The development of nominal and real interest rates as well as the widening of interest rate differentials with other countries were also discussed. Various measures of inflation expectations point to real interest rates in Switzerland currently being negative and below the long-term equilibrium real interest rate. It was also noted that the transmission of monetary policy is working. This can be seen, among other things, in the increase in excess liquidity over the past year and in developments in lending. Excess liquidity is still consistent with the objective of price stability in the medium term.

The Governing Board and the Alternate Members of the Governing Board also discussed developments in the area of financial stability.

International conditions

The Economic Affairs division presented the analysis of global economic developments.

Global economic growth was solid overall in the first quarter. Global trade in goods also increased further. However, due to the increase in energy prices, economic momentum slowed somewhat. Business and household sentiment have correspondingly deteriorated in recent months. Inflation has risen noticeably in many countries. Key interest rates have been raised in the euro area, while they have remained unchanged in the US. These developments also influence the new international baseline scenario of the Economic Affairs division, on which the forecasts for Switzerland are based. Due to the increase in raw material prices, inflation is likely to remain elevated over the coming quarters, while global economic growth is likely to be more moderate than in the previous quarters. However, growth momentum should pick up again thereafter. Owing to the situation in the Middle East, uncertainty about the global economic outlook remains high. An even stronger increase in raw material prices could raise inflation further and additionally dampen economic growth. Besides the situation in the Middle East, the trade policy outlook also remains uncertain.

The Governing Board and the Alternate Members of the Governing Board noted that uncertainty remains high, even with the recent development in the Middle East. They examined in depth the various risk factors that are weighing on the economic outlook and that could drive up inflation. Despite framework agreements between the US and Iran, the situation in the Middle East is the most significant risk factor. In the event of a renewed escalation, raw material prices could turn out to be significantly higher than currently expected by the markets, and supply chains could be further disrupted. This would increase inflation further worldwide and would significantly dampen economic growth. The trade policy environment also remains a risk. Higher US tariffs for important trading partners could curb global trade in goods and thus weigh on the global economy. Further risk factors mentioned in the discussion were a correction in market expectations regarding AI and fiscal policy in the major currency areas.

Summary

The Members and Alternate Members of the Governing Board also examined questions on the parallels and differences between the recent rise in prices and price developments following the coronavirus pandemic. They noted that companies' price reactions to the conflict in the Middle East have so far been significantly less pronounced than they had been after the pandemic. This is likely due to a number of factors. At present, the energy price shock is primarily affecting energy-intensive sectors, while in many other sectors the price effect is only discernible in isolated cases. Accordingly, the second-round effects have thus far been limited. Comparing the situation then with today, it can be seen that on the supply side, it is different transport routes, different supply chains and different product categories that are being affected. Although supply chains have been disrupted in some instances in recent months, overall they have been much less severely impacted than during the coronavirus crisis. On the supply side, the utilisation of production factors is also lower than it was then, particularly in the labour markets. There are also major differences on the demand side. For example, after the coronavirus pandemic, there were spikes at times due to the significant pent-up demand, which also had an impact on price developments. There are no signs of this happening at present.

Economic situation in Switzerland

The Economic Affairs division first reported on the quarterly company talks conducted by the SNB's delegates for regional economic relations between March and June.

Companies recorded solid turnover growth in the second quarter, driven by the services sector and construction. In manufacturing, turnover rose only moderately. Although companies view uncertainty as being high, they remain confident. They expect a robust increase in turnover in the coming quarters. The conflict in the Middle East has had a marked impact on prices. Imported intermediate goods have become significantly more expensive, and companies expect purchase and sales prices to rise further, albeit the latter to a somewhat lesser extent. There has been an increase in companies' inflation expectations for the short term, but they are only slightly higher for the medium term. Companies are also still expecting only a moderate rise in wages in the coming year.

Together with the delegates for regional economic relations, the Governing Board and the Alternate Members of the Governing Board discussed the assessment by the companies surveyed. The impact of higher fertiliser prices on agriculture was discussed. Surveys of fertiliser traders show that, due to seasonal factors, the higher fertiliser prices are currently having little impact on the agriculture industry in Europe, in contrast to countries in the southern hemisphere. Another issue discussed was the underutilisation of technical capacity at manufacturing companies while staff utilisation was close to normal. With the utilisation of technical capacity often remaining below normal, hardly any manufacturing companies are planning to expand capacity. The normal level of staff utilisation is among other things attributable to a cautious stance on recruitment and, in part, to reductions in workforce in recent quarters. Companies have thus been able to adjust staffing levels to the order situation

Summary

and stabilise their margins. The Governing Board also discussed how companies are using AI. According to the companies surveyed in the second quarter, AI has gained some influence, but there have been no major broad-based structural changes to date. However, in certain industries, such as consulting and software development, the impact is more noticeable and is already affecting existing business models.

The Economic Affairs division then gave an overview of the latest developments in consumer prices in Switzerland. Inflation has risen as expected since the last monetary policy assessment, and stood at 0.6% in May. The increase was attributable to imported inflation, stemming from a significant increase in prices for oil products. Core inflation, by contrast, hardly changed. The core inflation rate calculated by the SNB using a trimmed mean (TM15) stood at 0.5% in May.

The Members and Alternate Members of the Governing Board discussed the current inflation risks with the experts. Inflation risks are currently to the upside due to possible second-round effects. Although there is no sign of corresponding implications in the data thus far, the potential for such effects to emerge in the future cannot be ruled out. There are elevated risks in the areas of processed food, private transport, tourism and food services, as these are most directly affected by higher energy prices. Recent developments in the Middle East have mitigated the risks somewhat, however.

Economic outlook for Switzerland

The Economic Affairs division presented its assessment of recent economic developments and the baseline scenario for the Swiss economy.

GDP growth was solid in the first quarter of 2026. The main driver was value added in non-pharmaceutical manufacturing, which recorded strong growth. Although unemployment rose somewhat latterly, the economy has developed positively overall in recent months.

In the coming quarters, the more moderate global economic momentum is likely to have a dampening effect on growth in Switzerland, while the SNB's monetary policy will continue to provide support. In the medium term, an improvement in the global economy is likely to once again provide more positive growth impetus to Switzerland. GDP growth of around 1% is expected for 2026 and around 1.5% for 2027. Inflation is likely to increase in the short term due to higher energy prices, but remain within the range consistent with price stability over the entire period. Uncertainty remains high. The main risk to the economic and inflation outlook stems from developments in the global economy. A renewed escalation in the Middle East could weaken economic activity more markedly and increase upward pressure on the Swiss franc.

In the discussion with the experts, the Governing Board and the Alternate Members of the Governing Board addressed the labour market conditions. Signals from the labour market are currently subdued. Employment growth is currently moderate and below the long-term average. The Economic Affairs division expects unemployment to stabilise over the course of

Summary

the year and decline in 2027. Wage growth expectations for 2027 as recorded in various surveys show moderate momentum.

The reasons for the rather subdued development in pharmaceutical exports were also discussed. The recent recovery in export figures suggests that the decline in value added in the pharmaceutical industry in the first quarter was temporary and due to the volatile performance of the industry.

The Governing Board and the Alternate Members of the Governing Board also considered the risk factors for growth and inflation in Switzerland. In addition to geopolitics and trade policy, which are also shaping the international environment, the exchange rate is an important risk factor from the Swiss perspective as well. Stronger-than-expected second-round effects were also cited as a risk factor for inflation.

Monetary policy decision

At the beginning of the second day of the monetary policy assessment, the Governing Board summarised the previous day's presentations regarding the background situation, the economic situation and the scenarios for the global and Swiss economies, as well as the inflation forecast. Thereafter, the Money Market and Foreign Exchange division again addressed the situation in the financial markets and reported on the implementation of monetary policy in the money and foreign exchange markets.

The Economic Affairs division then summarised the background situation for the monetary policy decision. Monetary conditions have eased since the March assessment, particularly due to the depreciation of the Swiss franc. The expansionary effect of the monetary policy is reflected in the positive slope of the conditional inflation forecast in the medium term, assuming an SNB policy rate of 0%, as well as in the robust growth in lending and the broad monetary aggregates. Excess liquidity is positive again for the first time since mid-2025 and is consistent with price stability in the medium term.

Solid GDP growth was recorded in the first quarter, and numerous economic indicators point to positive growth momentum. Unemployment, by contrast, increased to 3.1% in May. The output gap was still slightly negative in the first quarter, but is likely to close gradually over the course of the forecast period.

Medium-term inflationary pressure is virtually unchanged compared with the monetary policy assessment in March. Assuming the SNB policy rate remains constant, inflation should rise somewhat further in the coming quarters. The forecast is within the range of price stability over the entire forecast horizon.

Owing to the situation in the Middle East, further developments with regard to inflation and the economy remain subject to significantly elevated uncertainty. Should the passage of the Strait of Hormuz be impaired for a prolonged period, the situation on the energy markets could be exacerbated. Economic growth could be weaker and inflation higher than expected.

Summary

In the current situation, the Governing Board's view is that monetary conditions are appropriate and price stability is not jeopardised. At present, inflation cannot be expected to rapidly rise above 2% or fall into negative territory. Although inflation risks have increased in recent months and stronger second-round effects are possible, there is no immediate need for action. The Governing Board therefore decided to leave the SNB policy rate unchanged at 0%. Due to the uncertain geopolitical situation, the risk of strong Swiss franc appreciation remains. If necessary, the SNB's willingness to intervene in the foreign exchange market should therefore remain increased in order to counter a rapid and excessive appreciation of the Swiss franc, which would jeopardise price stability in Switzerland.